

TOWNSHIP OF HAMILTON
CLARE COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1966, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Hamilton Township	County Clare
Fiscal Year End June 30, 2007	Opinion Date August 24, 2007	Date Audit Report Submitted to State September 15, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.


We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Barry E. Gaudette, CPA, PC		Telephone Number (231) 946-8930		
Street Address 731 S. Garfield Avenue		City Traverse City	State MI	Zip 49686
Authorizing CPA Signature 		Printed Name Barry E. Gaudette, CPA		License Number 11050

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INTRODUCTORY SECTION

TOWNSHIP OF HAMILTON
LIST OF ELECTED OFFICIALS
JUNE 30, 2007

ELECTED OFFICIALS

Robert J. Duby II

Supervisor

Sally Zelt

Clerk

Mickie Duby

Treasurer

Michael Iutzi

Trustee

Melanie Conway

Trustee

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the Township Board
Township of Hamilton
Clare County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Hamilton, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Hamilton, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

Since it was not practical to extend my auditing procedures into the prior unaudited year, I am unable to express an opinion on the consistency of application of accounting principles with the preceding year.

Township of Hamilton
Independent Auditors' Report
Page Two

In my opinion, except for the omission of the information mentioned in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Hamilton, Michigan, as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

Bary E. Taulitt, M.A.

August 24, 2007

BASIC FINANCIAL STATEMENTS

Township of Hamilton
Government-Wide Financial Statements
Statement of Net Assets
June 30, 2007

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 460,375
Investments	484,738
Due from other funds	51,878
Capital assets (net of accumulated depreciation):	
Land and improvements	35,000
Buildings and improvements	38,120
Equipment	<u>2,238</u>
Total assets	<u>1,072,349</u>
LIABILITIES	
Current liabilities:	
Accounts payable	688
Note payable-current portion	<u>29,124</u>
Total current liabilities	29,812
Noncurrent liabilities:	
Due in more than one year	<u>27,875</u>
Total liabilities	<u>57,687</u>
NET ASSETS	
Invested in capital assets	75,358
Unrestricted	<u>939,304</u>
Total net assets	<u>\$ 1,014,662</u>

See notes to financial statements

Township of Hamilton
Government-Wide Financial Statements
Statement of Activities
For the Year Ended June 30, 2007

Functions /Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Legislative General	\$ 28,968	\$	\$	\$
Government	56,769	2,147		
Public safety	45,093		729	
Public works	288,686	290,995		3,225
Community/ economic development	3,663			
Recreation & culture	10,087			
Interest expense	4,237			
Depreciation	<u>3,122</u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	<u>\$440,625</u>	<u>\$293,142</u>	<u>\$ 729</u>	<u>\$ 3,225</u>

General revenues:
Property taxes
Licenses & permits
State aid
Interest earnings
Rents & royalties
Refunds & rebates

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements

Net (Expense)
Revenue and
Changes in
Net Assets

Governmental
Activities

\$ (28,968)

(54,622)

(44,364)

5,534

(3,663)

(10,087)

(4,237)

(3,122)

(143,529)

76,132

4,273

135,748

33,197

4,354

448

254,152

110,623

904,039

\$1,014,662

Township of Hamilton
Balance Sheet
Governmental Funds
June 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 362,981	\$ 97,394
Investments	484,738	
Due from other funds	<u>51,878</u>	
Total assets	<u>\$ 899,597</u>	<u>\$ 97,394</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ <u>688</u>	\$ <u> </u>
Total liabilities	<u>688</u>	
Fund balances		
Unreserved, reported in:		
General fund	898,909	
Inland Lakes fund		46,530
Private Roads fund		19,509
Springwood Lakes fund		<u>31,355</u>
Total fund balances	<u>898,909</u>	<u>97,394</u>
Total liabilities and fund balances	<u>\$ 899,597</u>	<u>\$ 97,394</u>

See notes to financial statements

**Total
Governmental
Funds**

\$ 460,375
484,738

51,878

\$ 996,991

\$ 688

688

898,909
46,530
19,509
31,355

996,303

\$ 996,991

Township of Hamilton
Reconciliation of the Governmental Funds
Balance Sheet
With the Statement of Net Assets
June 30, 2007

Amounts reported for governmental activities in the
statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 996,303
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Capital assets used in governmental activities
are not financial resources and therefore
are not reported as assets in governmental
funds:

Cost of capital assets	101,239
Accumulated depreciation	(25,881)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(56,999)</u>
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Total Net Assets - Governmental Activities	<u>\$ 1,014,662</u>
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See notes to financial statements

Township of Hamilton
Statement of Revenues, Expenditures, and Changes
In Fund Balance
Governmental Funds
For the Year Ended June 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>
REVENUES		
Taxes & adm. fees	\$ 76,132	\$
Licenses & permits	4,273	
Intergovernmental revenue from state:		
State revenue sharing	135,241	
Swamp land taxes	507	
Liquor license taxes	729	
Metro Act	3,225	
Charges for services	2,147	
Interest earnings	33,059	138
Rents & royalties	4,354	
Other revenue:		
Special assessments	201,399	89,596
Refunds & rebates	<u>448</u>	
Total revenues	<u>461,514</u>	<u>89,734</u>
EXPENDITURES		
Current:		
Legislative	28,968	
General government	56,769	
Public safety	45,093	
Public works	234,024	86,636
Community/economic development	3,663	
Recreation & culture	10,087	
Capital outlay	<u>2,474</u>	
Total expenditures	<u>381,078</u>	<u>86,636</u>
Net changes in fund balances	80,436	3,098
Fund balances-beginning	<u>818,473</u>	<u>94,296</u>
Fund balances-ending	<u>\$ 898,909</u>	<u>\$ 97,394</u>

See notes to financial statements

**Total
Governmental
Funds**

\$ 76,132
4,273

135,241

507

729

3,225

2,147

33,197

4,354

290,995

448

551,248

28,968

56,769

45,093

320,660

3,663

10,087

2,474

467,714

83,534

912,769

\$ 996,303

Township of Hamilton
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2007

Amounts reported for governmental activities in the
statement of activities are different because:

Total net change in fund balances -	
total governmental funds	\$ 83,534

Governmental funds report capital outlays
as expenditures. However, in the statement
of activities the cost of those assets is
allocated over their estimated useful lives
and reported as depreciation expense. This
is the amount by which capital outlays
exceeded (were less than) depreciation
in the current period.

Capital outlays	2,474
Depreciation	(3,122)

The issuance of long-term debt provides
current financial resources to governmental
funds, while the repayment of the principal
of long-term debt consumes the current
financial resources of governmental funds.
Neither transaction, however, has any effect
on net assets. This amount is the net effect
of these differences in the treatment of long-
term debt and related items.

27,737

Change in net assets of governmental activities	<u>\$ 110,623</u>
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See notes to financial statements

Township of Hamilton
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	<u>Tax Collection Fund</u>
ASSETS	
Cash and cash equivalents	\$ 51,878
Total assets	<u>51,878</u>
LIABILITIES	
Due to other funds	51 878
Due to other governmental units	<u> </u>
Total liabilities	<u>51,878</u>
NET ASSETS	
Held in trust for other purposes	<u><u>\$ </u></u>

See notes to financial statements

Township of Hamilton
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2007

	<u>Tax Collection Fund</u>
ADDITIONS	
Property tax collections and fees	\$1,658,736
Interest earned	<u>203</u>
Total additions	<u>1,658,939</u>
DEDUCTIONS	
Payments to general fund	76,132
Payments to special revenue funds	89,596
Payments to other governmental units	<u>1,493,211</u>
Total deductions	<u>1,658,939</u>
Changes in net assets	
Net assets - beginning	<u> </u>
Net assets - ending	<u>\$ </u>

See notes to financial statements

Township of Hamilton
Notes to the Basic Financial Statements
June 30, 2007

I. Summary of significant accounting policies

The financial statements of the Township of Hamilton (the Township) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

A. Reporting entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township has no component units and is not responsible for any jointly governed organizations.

B. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when a payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Clare County, which advances the Township 100% for the delinquent taxes.

The 2006 taxable valuation of the Township totaled \$55,686,832, on which ad valorem taxes levied consisted of .5227 mills for Township operating purposes and voted millage of .5227 mills for road operating purposes. This amount is recognized in the General Fund as current tax revenue as well as administrative fees of \$17,917 to collect the taxes and applicable interest.

The Township reports the following major governmental fund:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Township reports the following nonmajor governmental fund:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The *inland lakes, private roads, and springwood lakes fund* are special revenue funds.

The Township reports the following fiduciary fund:

The *Current Tax Collection Fund* is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax and special assessment collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Township did not have any proprietary funds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted sources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to invest in bonds

and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds: (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

3. *Inventories and prepaid items*

There are no inventories or prepaid items.

4. *Capital assets*

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Township is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	15
Equipment	5

5. *Compensated absences*

The Township does not have a compensated absences policy.

6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Fund equity*

In the fund financial statements, governmental funds report the reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. *Comparative data/reclassifications*

If the Township had an individual enterprise fund, comparative total data for the prior year would have been presented only in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by the Township Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. The Supervisor is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and the building fund.
6. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to July 1st.

B. Excess of expenditures over appropriations

For the year ended June 30, 2007, expenditures exceeded appropriations in the activities of legal and road commission (the legal level of budgetary control) of the general fund by \$263 and \$358, respectively. These overexpenditures were funded by the available fund balance in the general fund.

The Inland Lakes Fund had expenditures of \$1,022 over the amount budgeted.

III. Detailed notes on transactions classes/accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

A. Cash and Investments

Deposits

The Township's policies regarding deposits of cash are discussed in Note 1. The table presented below is designed to disclose the level of custody credit risk assumed by the Township based upon how its deposits were insured or secured with collateral at June 30, 2007.

Category 1: Insured by FDIC or collateralized with securities held by the Township(or public trust) or by its agent in its name.

Category 2: Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

Category 3: Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Township's name; or collateralized with no written or approved collateral agreement.

	Total Bank Balance	Custody Credit Risk			Total Carrying Value
		Category 1	Category 2	Category 3	
Demand deposits	\$ 352,817	\$352,817	\$	\$	\$158,808
Sweep	193,154	193,154			192,428
Savings	<u>161,017</u>	<u>161,017</u>			<u>161,017</u>
Total deposits	<u>\$ 706,988</u>	<u>\$706,988</u>	<u>\$</u>	<u>\$</u>	<u>\$512,253</u>

Investments

The Township's policies and applicable laws regarding investments are discussed in Note 1. The table presented below is designed to disclose the level of market risk and custody credit risk assumed by the Township (or public trust) based upon whether the investments are insured or registered and upon who holds the security at June 30, 2007. The categories of credit risk are defined as follows:

	Custody Credit Risk			Carrying Amount	Fair Value
	Category 1	Category 2	Category 3		
Certificate of deposit	<u>\$375,007</u>	<u>\$109,731</u>	<u>\$</u>	<u>\$484,738</u>	<u>\$484,738</u>

A reconciliation of cash as shown on the on the statements of net assets follows:

Carrying amount of deposits	\$ 512,253
Investments	<u>484,738</u>
Total	<u>\$ 996,991</u>
Cash and investments:	
General fund	\$ 848,109
Special revenue funds	97,394
Tax collection fund	51,878
Checks written in excess of deposits	<u>(390)</u>
Total	<u>\$ 996,991</u>

B. Receivables

The Township does not have any material receivables as of June 30, 2007.

C. Capital assets

Capital asset activity for the year ended June 30, 2007
was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land & improvements	\$ 35,000	\$ _____	\$ _____	\$ 35,000
Capital assets, being depreciated:				
Buildings & improvements:				
Township Hall	50,000	1,935		51,935
Equipment	<u>13,765</u>	<u>539</u>		<u>14,304</u>
Total capital assets being depreciated	<u>63,765</u>	<u>2,474</u>		<u>66,239</u>
Less accumulated depreciation for:				
Buildings & improvements:				
Township hall	(12,500)	(1,315)		(13,815)
Equipment	<u>(10,259)</u>	<u>(1,807)</u>		<u>(12,066)</u>
Total accumulated depreciation	<u>(22,759)</u>	<u>(3,122)</u>		<u>(25,881)</u>
Total capital assets, being depreciated, net	<u>41,006</u>	<u>(648)</u>		<u>40,358</u>
Governmental activities capital assets, net	<u>\$ 76,006</u>	<u>\$ (648)</u>	<u>\$ _____</u>	<u>\$ 75,358</u>

Depreciation expense was charged to functions/programs of the
government as follows:

Governmental activities:	
General government	\$ 3,122
Total depreciation expense- governmental activities	<u>\$ 3,122</u>

D. Interfund receivables, payables, and transfers

There were no transfers between governmental funds during the fiscal year ended June 30, 2007.

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Tax collection	<u>\$ 51,878</u>

E. Long-term debt

Road work payable

On November 5, 1998, the Township entered into a contract with Clare County Road Commission for road work in the amount of \$243,815.00. The amount is payable in ten annual payments of \$31,973.88 including interest at the rate of 5% per annum, beginning in August 1999. The amount outstanding at year end is as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental funds	5.0%	<u>\$ 56,999</u>

Debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 29,124	\$ 2,850
2009	<u>27,875</u>	<u>1,394</u>
	<u>\$ 56,999</u>	<u>\$ 4,244</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u> <u>(Reductions)</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental				
activities:				
Road work				
payable	<u>\$ 84,736</u>	<u>\$ (27,737)</u>	<u>\$ 56,999</u>	<u>\$ 29,124</u>

IV. Other information

A. Risk management

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and employee injuries (workers compensation). The Township was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The Township joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The Township pays an annual premium to the pool for its general insurance coverage.

The Township has purchased commercial insurance for all other risks of loss. Settlements claims have not exceeded coverages for each of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Township is unable to provide an estimate of the amounts of additional assessments.

B. Pension plan

The Township does not have a deferred compensation plan or a defined benefit plan.

Required Supplementary Information

Township of Hamilton
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes and related fees	\$ 77,100	\$ 77,100	\$ 76,132	\$ (968)
Licenses & permits	2,650	2,650	4,273	1,623
Intergovernmental revenue from state:				
State revenue sharing	130,000	130,000	135,241	5,241
Swamp land taxes	500	500	507	7
Liquor license fees	870	870	729	(141)
Metro Act			3,225	3,225
Charges for services	2,025	2,025	2,147	122
Interest earnings	10,000	10,000	33,059	23,059
Rents & royalties	4,300	4,300	4,354	54
Other revenue:				
Special assessments	210,000	210,000	201,399	(8,601)
Refunds & rebates	1,000	1,000	448	(552)
Total revenues	<u>438,445</u>	<u>438,445</u>	<u>461,514</u>	<u>23,069</u>
EXPENDITURES				
Current:				
Legislative:				
Township board	<u>33,600</u>	<u>36,550</u>	<u>28,968</u>	<u>7,582</u>
General government:				
Supervisor	6,255	6,255	6,105	150
Elections	2,110	2,110	1,455	655
Assessor	12,420	12,770	12,672	98
Legal			263	(263)
Clerk	8,730	8,730	8,601	129
Deputy clerk	500	500	292	208
Board of review	775	775	750	25
Treasurer	12,045	12,045	11,845	200
Deputy treasurer	3,100	3,100	3,100	
Township hall	7,726	9,426	8,967	459
Cemetery	<u>2,425</u>	<u>2,875</u>	<u>2,719</u>	<u>156</u>
Total general government	<u>56,086</u>	<u>58,586</u>	<u>56,769</u>	<u>1,817</u>

Township of Hamilton
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2007
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
EXPENDITURES				
(CONTINUED):				
Current:				
Public safety:				
Building inspections	6,925	7,275	7,020	255
Liquor control inspection	900	900	889	11
Blight	2,550	900	431	469
Fire protection	<u>36,000</u>	<u>36,755</u>	<u>36,753</u>	<u>2</u>
Total public safety	<u>46,375</u>	<u>45,830</u>	<u>45,093</u>	<u>737</u>
Public works:				
Street lighting	200	250	247	3
Trash & rubbish	231,000	231,000	184,479	46,521
Road Commission	<u>55,000</u>	<u>48,940</u>	<u>49,298</u>	<u>(358)</u>
Total public works	<u>286,200</u>	<u>280,190</u>	<u>234,024</u>	<u>46,166</u>
Community/economic development:				
Zoning	1,575	1,875	1,468	407
Board of appeals	<u>1,575</u>	<u>2,275</u>	<u>2,195</u>	<u>80</u>
Total community/economic development	<u>3,150</u>	<u>4,150</u>	<u>3,663</u>	<u>487</u>
Recreation & culture:				
Parks	140	150	147	3
Library	<u>10,000</u>	<u>10,000</u>	<u>9,940</u>	<u>60</u>
Total recreation & culture	<u>10,140</u>	<u>10,150</u>	<u>10,087</u>	<u>63</u>

Township of Hamilton
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2007
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES				
(CONTINUED):				
Capital outlay	<u>2,474</u>	<u>2,474</u>	<u>2,474</u>	<u> </u>
Total				
expenditures	<u>438,025</u>	<u>437,930</u>	<u>381,078</u>	<u>56,852</u>
Net change in fund				
balance	420	515	80,436	79,921
Fund balance -				
beginning	<u> </u>	<u> </u>	<u>818,473</u>	<u>818,473</u>
Fund balance -ending	<u>\$ 420</u>	<u>\$ 515</u>	<u>\$898,909</u>	<u>\$ 898,394</u>

See notes to financial statements

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue fund are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Inland Lakes Fund - This fund is used to account for assessments that are specifically restricted for expenditures for the Inland Lakes area.

Private Roads Fund - This fund is used to account for assessments that are specifically restricted for expenditures for private roads.

Springwood Lakes Fund - This fund is used to account for assessments that are specifically restricted for expenditures for the Springwood Lakes area.

Township of Hamilton
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	<u>Special Revenue</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Inland Lakes</u>	<u>Private Roads</u>	<u>Springwood Lakes</u>	
ASSETS				
Cash and cash equivalents	\$ 46,530	\$19,509	\$ 31,355	\$ 97,394
Total assets	<u>\$ 46,530</u>	<u>\$19,509</u>	<u>\$ 31,355</u>	<u>\$ 97,394</u>
 FUND BALANCES				
Unreserved	\$ 46,530	\$19,509	\$ 31,355	\$ 97,394
Total fund balances	<u>\$ 46,530</u>	<u>\$19,509</u>	<u>\$ 31,355</u>	<u>\$ 97,394</u>

See notes to financial statements

Township of Hamilton
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	<u>Inland Lakes</u>	<u>Private Roads</u>	<u>Springwood Lakes</u>	
REVENUES				
Special assessments	\$ 35,553	\$30,848	\$ 23,195	\$ 89,596
Interest earnings	<u>60</u>	<u>33</u>	<u>45</u>	<u>138</u>
Total revenues	<u>35,613</u>	<u>30,881</u>	<u>23,240</u>	<u>89,734</u>
EXPENDITURES				
Current:				
Public works	<u>35,022</u>	<u>33,777</u>	<u>17,837</u>	<u>86,636</u>
Total expenditures	<u>35,022</u>	<u>33,777</u>	<u>17,837</u>	<u>86,636</u>
Net change in fund balance	591	(2,896)	5,403	3,098
Fund balance - beginning	<u>45,939</u>	<u>22,405</u>	<u>25,952</u>	<u>94,296</u>
Fund balance - ending	<u>\$ 46,530</u>	<u>\$19,509</u>	<u>\$ 31,355</u>	<u>\$ 97,394</u>

See notes to financial statements

Township of Hamilton
Inland Lakes Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Special assessments	\$ 36,000	\$ 36,000	\$ 35,553	\$ (447)
Interest earnings	<u>100</u>	<u>100</u>	<u>60</u>	<u>(40)</u>
Total revenues	<u>36,100</u>	<u>36,100</u>	<u>35,613</u>	<u>(487)</u>
EXPENDITURES				
Current:				
Public works	<u>34,000</u>	<u>34,000</u>	<u>35,022</u>	<u>(1,022)</u>
Total expenditures	<u>34,000</u>	<u>34,000</u>	<u>35,022</u>	<u>(1,022)</u>
Net change in fund balance	2,100	2,100	591	(1,509)
Fund balance - beginning	<u> </u>	<u> </u>	<u>45,939</u>	<u>45,939</u>
Fund balance - ending	<u>\$ 2,100</u>	<u>\$ 2,100</u>	<u>\$ 46,530</u>	<u>\$ 44,430</u>

See notes to financial statements

Township of Hamilton
Private Roads Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Special assessments	\$ 31,000	\$ 31,000	\$ 30,848	\$ (152)
Interest earnings	<u>50</u>	<u>50</u>	<u>33</u>	<u>(17)</u>
Total revenues	<u>31,050</u>	<u>31,050</u>	<u>30,881</u>	<u>(169)</u>
EXPENDITURES				
Current:				
Public works	<u>39,000</u>	<u>39,000</u>	<u>33,777</u>	<u>5,223</u>
Total expenditures	<u>39,000</u>	<u>39,000</u>	<u>33,777</u>	<u>5,223</u>
Net Change in fund balance	(7,950)	(7,950)	(2,896)	5,054
Fund balance - beginning	<u> </u>	<u> </u>	<u>22,405</u>	<u>22,405</u>
Fund balance - ending	<u><u>\$ (7,950)</u></u>	<u><u>\$ (7,950)</u></u>	<u><u>\$ 19,509</u></u>	<u><u>\$ 27,459</u></u>

See notes to financial statements

Township of Hamilton
Springwood Lakes Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
REVENUES				
Special assessments	\$ 24,000	\$ 24,000	\$ 23,195	\$ (805)
Interest earnings	<u>25</u>	<u>25</u>	<u>45</u>	<u>20</u>
Total revenues	<u>24,050</u>	<u>24,025</u>	<u>23,240</u>	<u>(785)</u>
EXPENDITURES				
Current:				
Public works	<u>17,000</u>	<u>17,000</u>	<u>17,837</u>	<u>(837)</u>
Total expenditures	<u>17,000</u>	<u>17,000</u>	<u>17,837</u>	<u>(837)</u>
Net change in fund balance	7,025	7,025	5,403	(1,622)
Fund balance - beginning	<u> </u>	<u> </u>	<u>25,952</u>	<u>25,952</u>
Fund balance - ending	<u>\$ 7,025</u>	<u>\$ 7,025</u>	<u>\$ 31,355</u>	<u>\$ 24,330</u>

See notes to financial statements

COMMENTS AND RECOMMENDATIONS

Members of the Township Board
Township of Hamilton
Clare County, Michigan

My examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

It was not necessary to make any comments or recommendations.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management and the Township Board and should not be used for any other purpose.

Barry E. Gaudette, CPA, P.C.

August 24, 2007